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SUBJECT: JANUARY 9-11 IRAQ/UAE BUSINESS EXCHANGE CONFERENCE

(U) Classified by PRT Anbar Team Leader James Soriano,
reasons 1.4 (b) and (d).

[1](#)1. (U) This is a PRT Anbar reporting cable.

[1](#)2. (C) SUMMARY. Al-Anbar Governor Ma'amoun al-Alwani and a delegation of Anbari businesspeople attended the Iraq/UAE Business Exchange Conference in Dubai on January 9-11 seeking to attract foreign investment to the province. Stressing that local government and tribal sheikhs can provide security for foreign investors, Governor Ma'amoun declared that his province would defeat the insurgency in Anbar province by "activating" the private sector. While the governor told delegates that the security situation would be helped by foreign investment and job creation, representatives of Emirati-based businesses stated they are wary of investing until there is an improvement in security. END SUMMARY.

ANBARIS LOOK TO PRIVATE SECTOR TO AID PROVINCE

[1](#)3. (C) Attending the first formal business exchange conference between Iraq and the United Arab Emirates (UAE) in Dubai on January 9-11, Anbar Governor Ma'amoun al-Alwani stressed that the province's challenges can most effectively be addressed through private investment and job creation. The governor attended the conference with a delegation of about 160 Iraqi businesspeople, mostly from al-Anbar, Babil, and Salah ad Din provinces. They met with over 400 representatives of UAE-based companies, many of whom stated they attended the conference out of curiosity about post-war reconstruction-related business opportunities in Iraq.

[1](#)4. (C) Addressing a packed audience of Iraqi and Emirati-based businesspeople on January 10, Ma'amoun declared that "we will resolve the crisis of al-Anbar province through the activation of the private sector." Citing Anbar's "suffering," the governor appealed directly to Emirati businesses to invest in the province. He described Anbar as having the natural resources needed for development, saying "There were many projects during the old regime in al-Anbar, but these did not lead to prosperity because they did not rely on private sector investment." Ma'amoun said that he would work to create a business environment in Anbar consistent with new Iraqi investment laws, which encourages provinces to pursue foreign investment at their own initiative.

[1](#)5. (C) Anbari businesspeople attending the conference stressed the importance of foreign investment to defeating the insurgency in their province and providing jobs for Anbari young people. "Look, we are not living a normal life with the terrorism in Anbar," one Fallujah businessman stated. "We are ready to be distributors, to be local agents, to help the businesses from Dubai make money." Another Fallujah businessman echoed this sentiment, observing that local Anbari distributors for UAE-based businesses

"would provide a lot of jobs" in Anbar.

ANBAR ECONOMY SUFFERING FROM INSURGENCY, SECURITY PROBLEMS

¶6. (C) Indeed, the economy of al-Anbar province has been hit hard by the insurgency and terrorist attacks. Al-Qaeda in Iraq (AQI) has disrupted the normal patters of economic life, and is actively involved in perpetrating economic crimes, such as hijacking, highway extortion, black marketing, and control of gasoline stations. The east-west highway along the Euphrates River, which served as a vital trade link between Iraq and the rest of the world, is not secure in areas west of Ramadi to the Syrian border. There is no phone service whatsoever, with insurgents destroying telephone and communications towers. Unemployment in the province stands at between 40-60%. Moreover, there has been a flight of the Anbar middle class, professionals, senior clerics and sheikhs to areas of Iraq in which they feel more secure or to neighboring countries. With insurgent violence and terrorist attacks continuing to disrupt the economy, the Anbar provincial government has become more focused on securing GOI resources for post-battle reconstruction and foreign investment.

GOVERNOR SEEKS TO REASSURE POTENTIAL INVESTORS ON SECURITY...

¶7. (C) Cognizant that potential investors are wary of the security situation in al-Anbar, Ma'amoun sought to reassure investors on security. He asserted that the foreign investors could set up projects with local governments and local sheikhs providing security. The governor criticized the international media for painting a bleak picture of the

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situation in al-Anbar. "The media has tarnished our image as a hotspot," he said, "but there are only two factories- producing glass and ceramics- that are not working at the current time. All our other factories are working.

...BUT INVESTORS REMAIN WARY OF SECURITY IN ANBAR

¶8. (C) Despite attempts by the Anbari governor and businesspeople to reassure investors about security, Emirati-based businesses expressed skepticism about investing in Anbar without further evidence that the security situation in the province is improving. "They keep saying that bringing in investment will improve the security situation, but it doesn't work that way. First you have to guarantee security, and it is hard for me to believe that Fallujah and Ramadi are safe given what we see on the television every day," one Lebanese businessman stated.

¶9. (C) A representative of al-Ahli Bank in Dubai, citing the concerns of foreign companies about security in Anbar, raised the issue of security in the province with the governor during a question-and-answer session. "All banks are interested in opening up franchises in Fallujah and other places in the provinces," he said, "but what about the security of the road between Fallujah and the central bank?" Another Dubai-based banker said, "we need to have security first. When they tell us Fallujah is safe we wonder who is telling the truth. These people or the people on the television talking about bombs and killings."

COMMENT

¶10. (C) Anbari business leaders made a good first effort in Dubai in what will likely be a long process of wooing investors, indicating that they are looking ahead to post-battle reconstruction. The conference was effective in helping Anbari businesspeople make initial connections with Emirati companies. Subsequent conferences should direct

their efforts at ensuring that these connections are maintained, and databases of conference participants to facilitate networking.

¶11. (C) Governor Ma'amoun and Anbari businesspeople acknowledge they are facing a "Catch-22" in attempting to lure foreign investment to Anbar province: specifically, Anbaris are convinced that foreign investment is critical in defeating the insurgency in the province, while potential foreign investors want to see evidence that the insurgency is effectively under control before investing in the province. International perceptions of Anbar will likely only change when security becomes an accomplished fact.
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